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CONTROL NUMBER 18000640
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden	
hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-00094

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: B.C. ZIEGLER AND COMPANY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
200 SOUTH WACKER DRIVE, SUITE 2000
(No. and Street)

CHICAGO ILLINOIS 60606
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
JEFFREY C. VRENDENBREGT, SENIOR MANAGING DIRECTOR/CFO 312-596-1685
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

RSM US, LLP

(Name - if individual, state last, first, middle name)

1 SOUTH WACKER DRIVE, SUITE 800 CHICAGO ILLINOIS 60606
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

SECURITIES AND EXCHANGE COMMISSION

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MAY 23 2018

DIVISION OF TRADING & MARKETS

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(c)(2)

SEC 1410 (06-02)

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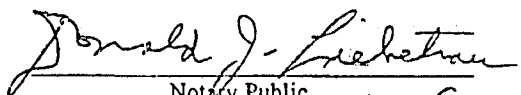
GA

on 5/30/18

OATH OR AFFIRMATION

I, JEFFREY C. VREDENBREGT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of B.C. ZIEGLER AND COMPANY, as of DECEMBER 31, 20 17, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature
SENIOR MANAGING DIRECTOR/CFO
Title


Notary Public

My Commission Expires: 2/16/2021

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

B. C. ZIEGLER AND COMPANY
(SEC File Number 8-00094)

Financial Statement

December 31, 2017

(with Independent Registered Public Accounting Firm Report Thereon)

Filed as PUBLIC information pursuant to Rule 17a-5(d) under the Securities Exchange Act of 1934.

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To the Board of Directors and Stockholder
B.C. Ziegler and Company

We have audited the accompanying statement of financial condition of B.C. Ziegler and Company (the Company) as of December 31, 2017, and the related notes to the financial statement (collectively, the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

RSM VS LLP

We have served as the Company's auditor since 2017.

Chicago, Illinois
March 1, 2018

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B. C. ZIEGLER AND COMPANY
STATEMENT OF FINANCIAL CONDITION

December 31, 2017
(in thousands except share amounts)

ASSETS

Cash and cash equivalents	\$ 1,904
Net receivable for unsettled trades	10,896
Receivables, net of reserve of \$183	3,355
Financial instruments owned, at fair value	160,534
Furniture, equipment and leasehold improvements, net	2,026
Deferred tax assets	819
Other assets	2,136
Assets of discontinued operations	<u>2,324</u>
 Total assets	 <u>\$ 183,994</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Drafts payable	\$ 505
Accrued income taxes payable	1,233
Payable to clearing broker	44,894
Financial instruments sold, not yet purchased, at fair value	47,779
Accrued compensation	31,433
Accounts payable, accrued expenses and other liabilities	4,228
Subordinated borrowing owed to parent	16,000
Liabilities of discontinued operations	<u>2,785</u>
 Total liabilities	 148,857
 Commitments and contingencies	 -
 Stockholder's equity:	
Common stock	
Class A--\$1 par, 1,150,000 shares authorized and issued	1,150
Class B--\$1 par (nonvoting), 480,000 shares authorized, 402,000 shares issued	402
Additional paid-in capital	14,908
Retained earnings	18,872
Less- Treasury stock, at cost, 1,691 shares Class A, 63,237 shares Class B	<u>(195)</u>
 Total stockholder's equity	 <u>35,137</u>
 Total liabilities and stockholder's equity	 <u>\$ 183,994</u>

See accompanying notes to financial statements.

B. C. ZIEGLER AND COMPANY

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2017

(Dollars in thousands)

(1) Organization and Nature of Business

B. C. Ziegler and Company (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is a Wisconsin corporation and is a wholly-owned subsidiary of The Ziegler Companies, Inc. (the "Parent"). The Company is engaged in specialty investment banking for the senior living, healthcare, religion and education sectors as well as general municipal and structured finance. The Company provides bond financing, corporate finance, financial advisory, risk management advisory, investment advisory, merger and acquisition advisory, asset management, retail brokerage, fixed income institutional sales and trading, private placement, seed capital, private equity, venture capital and related financial services. These services are provided to institutions, businesses, and individuals throughout the United States.

(2) Significant Accounting Policies

Investment Banking

Deferred expenses on investment banking transactions not yet completed were \$302 at December 31, 2017, and are included in other assets.

Financial Instruments Owned

Proprietary securities transactions are recorded on the trade date, as if they had settled. In the normal course of business, the Company, like other firms in the securities industry, purchases and sells securities as a principal. If another party to the transaction fails to perform as agreed, the Company may incur a loss if the market value of the security is different from the contract amount of the transaction.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the Statement of Financial Condition.

Securities positions, are recorded at fair value in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Receivables

Receivables includes amounts due the Company from third parties for underwriting, remarketing, and sales fees, amounts due for accrued interest on securities owned, amounts due for financial advisory and merger and acquisition transactions and services, and amounts due from affiliates and related parties. The Company reviews receivables and establishes an allowance for losses on balances which management has deemed collection is unlikely.

Drafts Payable

Drafts payable represent amounts drawn by the Company against a bank under a sweep agreement with that bank.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under GAAP. The Company adopted the provisions of this guidance on January 1, 2018 using the modified retrospective approach. The Company has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Company’s accounting policies will not change materially since the principles of revenue recognition from ASU2014-09 are largely consistent with existing guidance and current practices applied by the Company. The Company is also evaluating its disclosures and may provide additional disaggregation of revenue upon adoption of ASU 2014-09.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact of the pending adoption of the new standard on its financial statements

Use of Estimates

The Company's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3) Discontinued Operations

During 2017 the Company decided to discontinue the Wealth Management business unit. The Company executed an Asset Purchase Agreement with a buyer on October 31, 2017, and is expected to close on the sale in March, 2018. The Company will not have significant continuing involvement in the Wealth Management business unit.

(4) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

Certain of the Company’s financial instruments, primarily financial instruments owned, are carried at fair value. To differentiate between the approach to fair value measurements, a three level hierarchy which prioritizes the inputs to valuation techniques is used to classify fair value measurements:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date.

- Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data, either directly or indirectly.
- Level 3 fair value measurements are based on unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value. Unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability.

In valuing financial assets and liabilities, the Company uses techniques believed to be appropriate for each particular financial asset or liability to estimate fair value. These techniques require some degree of judgment and utilize assumptions that market participants would use in pricing the asset or liability. The price transparency of financial instruments is a key determinant of the degree of judgment involved in determining the fair value of the Company's financial instruments. Financial instruments for which actively quoted prices or pricing parameters are available will generally have a higher degree of price transparency than financial instruments that are thinly traded or not quoted. The criteria used to determine whether the market for a financial instrument is active or inactive is based on the particular asset or liability. The following valuation techniques are considered for the financial assets and liabilities of the Company.

- Cash equivalents include cash held in banks and investments in money market mutual funds. The money market mutual funds are classified within Level 1 of the fair value hierarchy.
- Fixed and variable rate municipal securities are classified Level 2 in the fair value hierarchy. The securities are generally valued using quoted prices from external data providers and market participants. Valuation information provided by external data providers and market participants generally includes a derived fair value utilizing a model where inputs to the model are directly observed by the market, or can be derived principally from or corroborated by observable market data, or fair value using other financial instruments, the parameters of which can be directly observed.
- Preferred equity securities traded by the Company are generally classified as Level 1 in the fair value hierarchy when included in securities owned. The fair value of the preferred equity securities is based on the closing price on the exchange on which the preferred equity securities are traded. In the event that a preferred equity security would be subject to very limited or no market trading, such preferred equity securities could be classified as Level 2 or Level 3 in the fair value hierarchy.
- Exchange traded funds (ETF) traded by the Company are generally classified as Level 1 in the fair value hierarchy when included in securities owned. The fair value of the ETF's is based on the closing price on the exchange on which they are traded.
- Corporate debt securities primarily include unrated taxable debt securities underwritten by the Company for religious institutions and private schools. The Company prices the corporate debt securities for sale at the par value based upon the required interest rate using observable market inputs. The Company also participates in limited secondary trading in these corporate debt securities and will price the debt securities at fair value using current prevailing market interest rates compared to the stated interest rate on the debt securities. Accordingly, corporate debt securities are classified as Level 2 in the fair value hierarchy.
- Other securities consist primarily of mutual funds and equities which are actively traded in public markets and are valued daily. Such investments are classified as Level 1 in the fair value hierarchy.
- U.S. Government securities consist of treasury securities, primarily treasury notes, which are actively traded in public markets and are valued daily. Such investments are classified as Level 1 in the fair value hierarchy.

The following table presents the valuation of the Company's financial instruments measured at fair value on a recurring basis as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>ASSETS</u>				
<u>Cash and Cash Equivalents</u>				
Cash	\$ 1,748	\$ -	\$ -	\$ 1,748
Money market mutual funds	156	-	-	156
	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904</u>
<u>Financial Instruments Owned</u>				
Municipal Securities				
Fixed Rate	\$ -	\$135,305	\$ -	\$ 135,305
Variable Rate	-	670	-	670
Corporate Debt Securities	-	10,345	-	10,345
Preferred Equity Securities	1,221	878	-	2,099
Exchange Traded Funds	10,006	-	-	10,006
Other Securities	2,109	-	-	2,109
Total financial instruments owned measured at fair value on a recurring basis	<u>\$ 13,336</u>	<u>\$147,198</u>	<u>\$ -</u>	<u>\$ 160,534</u>
<u>LIABILITIES</u>				
Financial instruments sold, not yet purchased				
U.S. Government Securities	<u>\$ 47,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,779</u>

(5) Financial Instruments Owned

Financial instruments owned consists of the trading securities at fair value, as follows:

Municipal securities - fixed rate	\$ 135,305
Municipal securities - variable rate	670
Corporate debt securities	10,345
Preferred equity securities	2,099
Exchange traded funds	10,006
Other securities	2,109
	<u>\$ 160,534</u>

Financial instruments owned includes \$159,169 of securities held by the clearing broker and \$1,365 of securities held directly with the issuers.

(6) Furniture, equipment and leasehold improvements, net

Furniture, equipment and leasehold improvements consists of the following:

Computers and equipment	\$	5,088
Leasehold improvements		6,134
Furniture		<u>3,546</u>
Furniture, equipment and leasehold improvements, at cost		14,768
Less accumulated depreciation and amortization		<u>(12,742)</u>
Furniture, equipment and leasehold improvements, net	\$	<u>2,026</u>

(7) Payable to Clearing Broker

The Company clears its proprietary and customer transactions through a clearing broker on a fully disclosed basis. The relationship with the Company's clearing broker results in net amounts payable for financial instrument purchases, transaction processing, and losses on securities transactions offset by financial instrument sales, commissions earned, fees earned, and profits on securities transactions. The amount payable to the clearing broker totals \$44,894 at December 31, 2017. Net securities held by the Company at the clearing broker with a market value of \$159,169 were available to collateralize the amount payable to the clearing broker. The interest rate on this financing arrangement is approximately 2.9% at December 31, 2017.

(8) Related Party Transactions

The Company has an unsecured financing arrangement with the Parent whereby the Company can borrow up to \$20,000 on a continuous basis to fund its operations. Interest on such borrowings is variable at the prime rate which was 4.5% at December 31, 2017. The Company had no amounts outstanding under this financing arrangement at December 31, 2017.

As permitted by the SEC's Uniform Net Capital Rule (the "Rule") 15c3-1, in order to enable the Company to complete specific underwritings, the Company has the ability to borrow from the Parent under a Temporary Subordinated Loan Agreement (the "Agreement"). The Company may borrow up to \$20,000 under this Agreement. Interest on such borrowings is variable at the prime rate. Principal and interest payments on these loans are subordinate to all claims of present and future creditors of the Company. These loans are outstanding 45 days or less under the terms of the financing arrangement. The Company had \$16,000 outstanding under this financing arrangement at December 31, 2017. The borrowing was due and paid on January 26, 2018.

The Company extends financing to the Parent whereby the Company will lend up to \$5,000 to the Parent on a continuous basis. Interest on this financing arrangement is variable at the prime rate. The Company had no outstanding balances due from the Parent under this arrangement at December 31, 2017.

The Company extends financing to the Ziegler Financing Corporation (“ZFC”), a wholly-owned subsidiary of the Parent, whereby the Company will lend up to \$3,000 to ZFC on a continuous basis. Interest on this financing arrangement is variable at the prime rate. The Company had no outstanding balances due from the ZFC under this arrangement at December 31, 2017.

The Company provides administrative support and/or marketing services to the Parent and ZFC. Amounts due to the Company for these services and other intercompany settlements were \$809 at December 31, 2017, and are included in Receivables on the Statement of Financial Condition.

The Company earns accounting, management and origination fees from private equity entities sponsored by the Parent and managed by the Company. Total fees earned were \$20 and are included in Miscellaneous Fee Income on the Statement of Income in 2017. Amounts receivable from these partnerships for all fees were \$98 at December 31, 2017, and are included in Receivables on the Statement of Financial Condition.

The Company has extended credit to certain employees. The credit is in the form of notes signed by the employees. The Company has \$682 of notes outstanding at December 31, 2017. The notes mature between 2019 and 2024, are at a market rate of interest, and are included in Assets of Discontinued Operations in the Statement of Financial Condition.

(9) Line of Credit

The Company shares a bank line of credit with the Parent and ZFC totaling \$20,000 as of December 31, 2017. The Company does not guarantee nor is it liable for draws made by the Parent or Ziegler Financing Corporation. In accordance with normal banking practices, this line of credit may be withdrawn at the discretion of the lender. The interest rate is 3.6% at December 31, 2017. The Company incurred no interest expense on this line of credit agreement in 2017. The Company and Ziegler Financing Corporation had no amounts outstanding under this line of credit agreement on December 31, 2017. The Parent had \$16,300 outstanding under this line of credit agreement on December 31, 2017.

(10) Income Taxes

The tax effects of temporary differences that give rise to significant elements of the deferred tax assets and deferred tax liabilities at December 31, 2017 are as follows:

Deferred tax assets:

Deferred compensation	\$ 574
Deferred revenue	4
Deferred rent	399
Other assets	67
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Total deferred tax assets	<hr/> 1,044 <hr/>
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Deferred tax liabilities:

Fixed assets	(192)
Other liabilities	(33)
	<hr/>

Total deferred tax liabilities	<hr/> (225) <hr/>
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Net deferred tax assets	<hr/> \$ 819 <hr/>
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The Company accounts for uncertain tax positions in accordance with ASC 740-10. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at January 1, 2017	\$ 60
Increases for tax positions related to the current year	30
Reductions for the lapse of the statute of limitations	<u>(16)</u>
Balance at December 31, 2017	<u>\$ 74</u>

Tax years that remain subject to examination by major tax jurisdictions include 2013 through 2017.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent, (2) eliminating the corporation alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) creating new limitation on deductible interest expense; (4) increasing the bonus depreciation deduction to allow for full expensing of qualified property and (5) changing rules related uses and limitation of net operating loss carryforwards created in tax years beginning after December 31, 2017.

(11) Net Capital Requirements

As a registered broker-dealer the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (the "Rule"), which requires the maintenance of minimum net regulatory capital. The Company has elected to use the alternative method permitted by the Rule, which requires that the Company maintain minimum net regulatory capital, as defined, equal to the greater of \$250 or 2% of aggregate debit balances arising from customer transactions, as defined. At December 31, 2017 the Company had net regulatory capital of \$15,858 which was \$15,608 in excess of its required minimum net regulatory capital. Such net regulatory capital requirements could restrict the ability of the Company to pay dividends to its Parent.

(12) Commitments and Contingent Liabilities

In the normal course of business, the Company is the subject of customer complaints and claims, which are regularly reviewed, and is named as a defendant in various legal actions arising from the securities and other businesses. The Company establishes accruals for losses determined to be probable as a result of customer complaints, claims, and legal actions. Although the outcome of litigation is always uncertain, especially in the early stages of a complaint or legal action, based on its understanding of the facts and the advice of legal counsel, management believes that resolution of these actions will not result in a material adverse effect on the financial condition or results of operations of the Company. However, if during any period any adverse complaint, claim, or legal action should become probable or be resolved, the financial condition or results of operations could be materially affected.

In the normal course of business, the Company serves as the remarketing agent on certain municipal variable-rate demand notes that can be tendered back to the respective issuers, generally upon seven days advance notice, by the holders. In its role as remarketing agent, the Company may purchase the tendered notes into its own securities inventory. The Company finances the purchase of municipal variable-rate demand notes through its clearing broker.

(13) Subsequent Events

The Company evaluates subsequent events that have occurred after the balance sheet date, but before the financial statements are issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.